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Public Service Commission of Wisconsin  
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June 21, 2017

VIA ELECTRONIC FILING

Ms. Sandra J. Paske  
Secretary to the Commission  
Public Service Commission of Wisconsin  
610 North Whitney Way  
P.O. Box 7854  
Madison, WI 53707-7854

Re: Application of Madison Gas and Electric Company for Authority to Offer a  
Renewable Energy Rider  
Docket No. 3270-TE-102

Dear Ms. Paske:

By letter dated May 18, 2017, Madison Gas and Electric Company (MGE) filed a proposed Renewable Energy Rider (RER) for approval by the Public Service Commission of Wisconsin (PSC REF # 303316) (the "Application"). As MGE stated in the Application, an earlier version of the RER had been filed in MGE's 2017 test year rate case, Docket 3270-UR-121, but did not receive approval from the Commission. In the rate case order, the Commission directed MGE to revise the RER and file a new version that addressed concerns expressed by the Commission in that docket (PSC REF # 295447 at 43-44).

On June 12, 2017, Commission staff issued a memorandum addressing the revised RER (PSC REF # 304724) (the "Memorandum"). The cover letter invites parties to file comments on the RER by June 21, 2017. MGE thanks the Commission staff for meeting with MGE to discuss and work on the RER, and thanks the Commission and Commission staff for allowing it to comment on the Memorandum. By this letter, MGE provides brief comments on the Memorandum.

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I. *Revisions to the RER.*

In Docket 3270-UR-121, the Commission directed MGE to modify the RER and re-file it for approval. MGE complied with the Commission's directives. Specifically, MGE:

1. Added language to the RER that clearly outlines the process and legal requirements for Commission approval, similar to what is included in MGE's existing Individual Service Contract tariff. The added language is in the new subsections in the Special Terms and Provisions section of the RER.
2. Removed the RER's language stating that the renewable resource rate "shall be calculated on a kilowatt-hour basis and added to the customer's otherwise applicable rate."
3. Removed the RER's language discussing the treatment of renewable energy credits.

In addition, MGE, working with Commission staff, made other updates to the RER, which are described on page 4 of the Memorandum. MGE and Commission staff agree on all of the revisions to the RER. Notwithstanding the agreed upon revisions, Commission staff identifies three new policy considerations in the Memorandum for the Commission to address. MGE's comments focus on the three policy considerations.

II. *Customer Eligibility.*

MGE customers taking service under rate schedules Cg-4, Cg-2, Cg-6, Sp-3, and Cp-1 would be eligible for the RER. Commission staff is concerned that the eligibility criteria is too broad, and suggests that the RER not be made available to the Cg-4 rate class. MGE disagrees. MGE does not believe it is necessary or appropriate to limit the availability of the RER to only large customers.

On pages 6 and 7 of the Memorandum, Commission staff accurately characterizes MGE's opposition to removing the Cg-4 rate class from the RER. MGE maintains those arguments. Further, it is important to note that customers who support the Corporate Renewable Energy Buyers' Principles and participate in renewable energy programs like the RER include not only large commercial and industrial customers but also customers who fall in the Cg-4 rate class. As with larger customers, it is important to provide the smaller customers with the opportunity to participate in this program.

MGE understands the administrative burden individual contract rates can create for the Commission. Indeed, individual contract rates create administrative burdens for MGE's staff. MGE does not anticipate the number of customers that will seek to participate will overwhelm either Commission or MGE resources available to review the proposals. Of the similar utility programs included in Attachment A to the Memorandum, none has more than a handful of executed agreements. These are complicated arrangements that by nature limit the number of customers that can be matched with appropriate projects. MGE does not believe approval of the RER, as filed, will create a significant burden for the Commission or the Commission staff.

MGE supports Alternative One in the Rate Classes Eligible for Participation in RER category identified on page 9 of the Memorandum (Commission Alternatives). MGE maintains that the RER should be available to the Cg-4 rate class.

### III. *Aggregation of Load.*

MGE agrees that aggregation of load from multiple meters and accounts could add flexibility in providing cost based service to customers through the RER. MGE is willing to modify the RER to make this an option. However, for the reasons discussed above and based on MGE's arguments as set forth in the Memorandum, the Company does not believe that this option should only be allowed as a means of meeting a minimum demand level higher than that provided by Cg-4 service availability.

Consequently, MGE supports Alternative Three in the Aggregation of Load by Customers with Multiple Accounts to Determine RER Eligibility category identified on page 9 of the Memorandum (Commission Alternatives). MGE asks the Commission to allow any Cg-4, Cg-2, and Cg-6 customers with multiple accounts to aggregate their loads, regardless of whether they are under the same ownership, to meet eligibility requirements.

### IV. *Cap on Existing Load.*

MGE maintains that it is unnecessary to include a cap on existing load in the RER. The concerns expressed by Commission staff on this issue in the Memorandum are unfounded.

MGE has no intent to shift costs to non-participating customers, which is the concern expressed on page 8 of the Memorandum. The RER does not specify that the energy purchased will be additional renewable energy. Any energy purchased by a customer that negotiated a rate under the RER would not lower MGE's system peak demand or energy

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requirements. Both a participating customer's contribution to system peak demand and total energy usage remains unchanged whether or not it operates with a separate RER contract. All that changes is the source of the energy used to supply that customer's individual energy needs, and the source is subject to approval by the Commission as each RER agreement must be approved by the Commission.

By its own terms, the RER protects against the cost-shifting concern raised by Commission staff in the Memorandum. A RER agreement must be approved by the Commission. Further, the burden falls on MGE and the customers who choose to negotiate a RER agreement to demonstrate that the agreed upon terms meet the conditions of the tariff.

- The tariff requires a customer to execute a service agreement.
- The customer will be responsible for all the costs associated with such agreement up to a specified energy amount not to exceed the customer's total energy consumption.
- The agreement must demonstrate benefits to the customer, the Company, and nonparticipating customers.

If MGE and the customer are successful in negotiating an agreement that satisfies these standards, there is no need to establish a cap on existing load. The Commission staff and the Commission will have opportunity to review the terms of each negotiated agreement before any become effective.

MGE supports Alternative One in the Participation Cap category identified on page 10 of the Memorandum (Commission Alternatives). MGE asks the Commission to not establish a cap on existing load.

This letter will be sent electronically to all parties on the service list for Docket Nos. 3270-TE-102 and 3270-TE-2017.

Very truly yours,



S. Bryan Kleinmaier

SBK:lsb

cc: John D. Krueger, Madison Gas and Electric Company